

## NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The State of Nevada, Department of Business and Industry, Division of Insurance ("Division"), (775) 687-0700, is proposing the adoption, amendment or repeal of regulations pertaining to chapters 681B, 695A and 695B of the Nevada Administrative Code ("NAC"). A workshop has been set for **1:30 p.m., on April 16, 2014**, at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104.

The purpose of the workshop is: 1) To solicit comments from interested persons on the following general topics that may be addressed in the proposed regulation(s); and 2) To assist in determining whether the proposed regulation is likely to impose a direct and significant burden upon a small business, or directly restricts the formation, operation or expansion of a small business. Please submit written comments no later than April 9, 2014.

### **LCB File No. R132-13. Risk-based Capital for insurers.**

A regulation relating to insurance; defining certain health organizations; requiring each health organization to maintain a capital account with a net worth in an amount which is not less than the amount of risk-based capital; revising provisions relating to the formula set forth in the instructions concerning risk-based capital; revising various provisions applicable to risk-based capital insurers to also apply to health organizations; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by contacting the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about the proposed regulation may contact Adam Plain, Insurance Regulation Liaison, at (775) 687-0783, or via e-mail to [aplain@doi.nv.gov](mailto:aplain@doi.nv.gov).

Notice of the workshop was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Workshop to Solicit Comments on Proposed Regulations was posted to the agency's Internet Web site at <http://doi.nv.gov/>, the Nevada Legislature's Internet Web site at <http://www.leg.state.nv.us>, and provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, NV 89706

Capitol Press Room  
Capitol Building Basement  
Carson City, NV 89710

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, NV 89104

Donald W. Reynolds Press Center  
102 North Curry Street  
Carson City, NV 89701

Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701

Blasdel Building  
209 East Musser Street  
Carson City, NV 89701

Office of the Governor  
Capitol Building  
Carson City, NV 89710

Carson City Library  
900 North Roop Street  
Carson City, NV 89701

Clark County District Library  
833 Las Vegas Boulevard North  
Las Vegas, NV 89101

Elko County Library  
720 Court Street  
Elko, NV 89801

Eureka Branch Library  
P.O. Box 293  
Eureka, NV 89316

Lander County Library  
P.O. Box 141  
Battle Mountain, NV 89820

Lyon County Library  
20 Nevin Way  
Yerington, NV 89447

Pershing County Library  
P.O. Box 781  
Lovelock, NV 89419

Tonopah Public Library  
P.O. Box 449  
Tonopah, NV 89049

Office of the Attorney General  
100 North Carson Street  
Carson City, NV 89701

Nevada State Library & Archives  
100 North Stewart Street  
Carson City, NV 89701

Carson City Courthouse  
885 East Musser Street  
Carson City, NV 89701

Churchill County Library  
553 South Main Street  
Fallon, NV 89406

Douglas County Library  
P.O. Box 337  
Minden, NV 89423

Esmeralda County Library  
P.O. Box 430  
Goldfield, NV 89013

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, NV 89445

Lincoln County Library  
P.O. Box 330  
Pioche, NV 89043-0330

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, NV 89415

Storey County Clerk  
P.O. Drawer D  
Virginia City, NV 89440

Washoe County Library  
P.O. Box 2151  
Reno, NV 89505-2151

White Pine County Library  
950 Campton Street  
Ely, NV 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Commissioner's secretary in writing at 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0700, no later than five (5) working days prior to the hearing.

DATED this 24<sup>th</sup> day of March, 2014.

  
SCOTT J. KIPPER  
Commissioner of Insurance

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE

Determination of Necessity of Small Business Impact Statement

R132-13

A regulation relating to insurance; defining certain health organizations; requiring health organizations to maintain a capital account with a net worth in an amount which is not less than the amount of risk-based capital; revising provisions concerning the formula set forth in the instructions relating to risk-based capital; revising various provisions applicable to risk-based capital insurers to also apply to health organizations; and providing other matters properly relating thereto.

Effective October 1, 2014

1. BACKGROUND

Nevada Revised Statute 681B.290 requires the Commissioner to adopt regulations concerning requirements for reporting risk-based capital. This proposed regulation expands the existing regulations on risk-based capital reporting to also include reporting by health organizations.

2. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)(circle one)

NO

☒ YES

3. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)

The regulation outlines the parameters for certain insurers in maintaining adequate levels of risk-based capital. These standards are intended to ensure that only solvent insurers are allowed to participate in Nevada's marketplace. As such, it necessarily burdens or restricts economic activity. As the definition of "small business" in NRS 233B.0382 is predicated solely on employee count there exist insurers subject to this proposed regulation which meet the statutory definition.

I, Scott J. Kipper, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in the statement above is accurate. (NRS 233B.0608.3)

March 24, 2014  
(DATE)

  
SCOTT J. KIPPER  
Commissioner of Insurance

**Small Business Impact Statement**  
**R132-13**

**4. DESCRIPTION OF SOLICITATION**

On March 4, 2014 a brief survey was sent to a sample of parties potentially affected by the proposed regulation. The survey requested the name of the respondent party, whether the party employs 150 or fewer part- or full-time employees, and any potential burden upon the party, either economic or operational. Any respondent party with 150 or fewer part- or full-time employees burdened by the proposed regulation was also asked to describe the burden and suggest methods to alleviate the burden.

**5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)**

The survey was sent to 38 potentially affected parties, 2 of which were returned as undeliverable. Of the remaining 36 parties to receive the survey only one responded. The sole responding party indicated that the proposed regulation was not economically or operationally burdensome and that the party was not considered a small employer under NRS 233B.0382.

Other interested parties may receive a copy of this summary by contacting the Insurance Regulation Liaison of the Nevada Division of Insurance, Adam Plain, at (775) 687-0783 or [aplain@doi.nv.gov](mailto:aplain@doi.nv.gov).

**6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)**

An estimated effect of small business is impossible to ascertain at this time. The Division of Insurance still believes that the proposed regulation inherently affects small businesses by restricting their formation and/or operation if they fail to meet certain standards relating to risk-based capital. Without input from potentially-affected parties a determination of the magnitude of the impact cannot be made.

**7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)**

No method to reduce the impact of the proposed regulation upon small business is currently considered. Without knowing the type and magnitude of the impact the Division of Insurance cannot take steps to ameliorate said impact.

**8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)**

The proposed regulation is not expected to carry any additional cost to enforce; it will be enforced through current procedures and practices.

**9. FEE CHANGES (NRS 233B.0609.1.f)**

The proposed regulation does not create or amend any fees.

**10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)**

The proposed regulation is not duplicative.

**11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)**

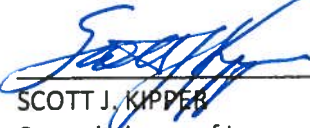
Given the lack of response to the solicitation there was insufficient data to perform an adequate analysis.

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)

Given the lack of response to the solicitation there was insufficient data to perform an adequate analysis.

I, Scott J. Kipper, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, the information contained in the statement above was prepared properly and is accurate. (NRS 233B.0609.2)

March 24, 2014  
(DATE)

  
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SCOTT J. KIPPER  
Commissioner of Insurance



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE  
1818 East College Pkwy., Suite 103  
Carson City, Nevada 89706  
(775) 687-0700 • Fax (775) 687-0787  
Website: doi.nv.gov  
E-mail: insinfo@doi.nv.gov

**NEVADA DIVISION OF INSURANCE**  
**AGENDA**

**PUBLIC REGULATION WORKSHOP**

**APRIL 16, 2014**

**1:30 P.M.**

**In Carson City:**

**1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room, Carson City, NV 89706  
(Insurance Division Office located in Suite 103)**

**Videoconferenced to Las Vegas:**

**2501 E. Sahara Ave., 2<sup>nd</sup> Floor Conference Room, Las Vegas, NV 89104  
(Insurance Division Office located in Suite 302)**

**PROPOSED REGULATION:**

- 1. LCB FILE NO. R132-13: Risk-Based Capital For Insurers**
  - a. Presentation by Division of Insurance Corporate and Financial Section**
  - b. Public Comments to be Received**